

UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA  
CRIMINAL NO. ~~10-289 (JNE)~~

~~FILED UNDER SEAL~~

JNE/JJK

UNITED STATES OF AMERICA,	)	INDICTMENT	CR 11-288 RHH/FNL
	)		
Plaintiff,	)	(18 U.S.C. § 2)	
	)	(18 U.S.C. § 371)	
v.	)	(18 U.S.C. § 981(a)(1)(C))	
	)	(18 U.S.C. § 1343)	
BARBARA LYNNAE PURO,	)	(28 U.S.C. § 2461(c))	
	)		
Defendant.	)		

THE UNITED STATES GRAND JURY CHARGES THAT:

**INTRODUCTORY ALLEGATIONS**

1. At all relevant times, defendant Barbara Lynnae Puro was a resident of the State of Minnesota, and a licensed real estate agent and was employed by HomStar USA (hereafter "HomStar"), ReMax Advantage Plus (hereafter "ReMax"), and Coldwell Banker Burnet (hereafter "Coldwell"). Puro was in the business of representing and recruiting buyers and sellers of residential properties.

2. At all relevant times, Puro was the owner and account holder for TRAE Inc. (hereafter "TRAE"), a Minnesota corporation that was associated with Puro's real estate business.

**COUNT 1**

(18 U.S.C. § 371: Conspiracy to Commit Wire Fraud)

3. From in or about January 1, 2005 through in or about January 1, 2008, in the State and District of Minnesota and elsewhere, the defendant,

**BARBARA LYNNAE PURO,**

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U.S. v. Barbara Lynnae PuroCriminal No. 10-289(JNE)

did unlawfully and knowingly conspire, combine, confederate and agree with other persons known and unknown to the grand jury to commit an offense against the United States, that is, to devise a scheme and artifice to defraud and to obtain money by means of material false and fraudulent representations and promises and, for the purpose of executing such scheme, to cause to be transmitted by means of interstate wire certain writings, signs, signals, pictures, and sounds, in violation of Title 18, United States Code, Sections 371 and 1343.

**PURPOSE OF THE CONSPIRACY**

4. The purpose of the conspiracy was to fraudulently obtain loan proceeds by making materially false representations and promises and withholding material information from lenders.

**MANNER AND MEANS**

5. Beginning in or before 2005, Puro, as a real estate agent, represented numerous sellers of residential properties. Puro located single-family homes which were for sale and thus available to be sold to straw purchasers. Prior to the sale of a home, Puro and the sellers agreed on the proceeds the seller would receive for the sale of the residential home.

6. Co-conspirators recruited straw purchasers, who generally maintained good credit. The co-conspirators and Puro sold homes to these straw purchasers at highly inflated prices, namely prices

U.S. v. Barbara Lynnae PuroCriminal No. ~~10-289 (JNE)~~

that were far greater than the funds actually provided to the seller for the sale of the residence. In addition to representing the sellers, Puro often represented the straw purchasers during the same transaction.

7. Prior to closing on many of the properties, Puro and co-conspirators produced fraudulent documentation, including non-existent first and second mortgages, mechanics liens, prepaid managements fees and invoices. These documents were provided to the lenders and title companies causing disbursements to be made to companies controlled by Puro, including TRAE, and co-conspirators. The lenders were unaware that the companies were controlled by Puro and co-conspirators. Without the lenders knowledge, the disbursements were then routed, in part, back to Puro, the buyers, and co-conspirators.

8. In addition to the concealed disbursements to Puro, Puro collected substantial real estate commissions, that exceeded industry standards.

9. From in or about January 1, 2005, through in or about January 1, 2008, Puro and co-conspirators, with the assistance of others acting at their direction, convinced straw purchasers to purchase approximately 22 residential properties in Minnesota in this manner resulting in fraudulent loans in excess of \$10 million and losses of approximately \$5.3 million.

U.S. v. Barbara Lynnae PuroCriminal No. ~~10-209~~ (JNE)**OVERT ACTS**

10. In furtherance of the conspiracy and to achieve its object, Puro, directly and through accomplices, among other acts, did the following overt acts (which encompass only some of the real estate transactions involved in the conspiracy):

Sale of 19720 Vergus Avenue, Savage, Minnesota

a. On or about February 25, 2005, a straw purchaser purchased the above mentioned property for \$600,000 from Seller A. Puro represented Seller A. At the closing, at least one check, in the amount of \$70,000, was issued by the title company to Seller A. This check was not disclosed to the lender. Seller A was unaware, at the time of the closing, that a check in the amount of \$70,000 was being issued. Puro instructed and convinced Seller A to endorse the \$70,000 check to the straw purchaser. Puro received a Real Estate Commission out of the loan proceeds. In or about February 2008, the property went into foreclosure resulting in a loss to the lender of approximately \$315,000.

Sale of 5127-5139 160th Street Southeast, Prior Lake, Minnesota

b. On or about August 3, 2005, an Investor purchased the above mentioned property for \$375,000. Puro represented both the Investor and the seller. Seller had moved out of state, so Puro obtained a Power of Attorney from seller to act as seller's Attorney In Fact (AIF) for closing purposes. At the closing, at

U.S. v. Barbara Lynnae PuroCriminal No. ~~10-289(JNE)~~

least one check, in the amount of \$95,000, was issued by the title company to the seller. This disbursement was not listed on the HUD and was not disclosed to the lender. Puro, not in attendance at the closing, previously endorsed the check as AIF for seller, endorsing the check to the buyer.

Sale of 6500 Harbor Place, Prior Lake, Minnesota

c. On or about August 24, 2006, a straw purchaser purchased the above mentioned property. Puro represented the seller. Puro and the seller agreed to sell the property for approximately \$475,000. Puro and an indicted co-conspirator who has pled guilty, arranged for a straw purchaser to purchase the property for \$620,000. Puro was aware that fraudulent second mortgage documents were submitted by an indicted co-conspirator who has pled guilty, in the amount of \$125,000. Based on the fraudulent documentation, the lender issued a loan in the amount of \$620,000. Although there was no legitimate second mortgage on this property, the title company transferred, by wire, funds the amount of \$71,922.36 to a third party. In addition to the straw purchaser, a number of co-conspirators split these proceeds. Unbeknownst to ReMax, Puro received a commission of \$20,000. When confronted by her employer at ReMax, Puro produced a fraudulent invoice purporting to indicate that the \$20,000 was for repayment of a loan owed to her by the seller. This property went into foreclosure resulting in losses to

U.S. v. Barbara Lynnae PuroCriminal No. ~~10-209(JNE)~~

the lenders of approximately \$395,000.

Sale of 2955 Fox Hollow Northwest, Prior Lake, Minnesota

d. On or about September 12, 2006, Puro and indicted co-conspirators who have pled guilty, caused a straw purchaser to purchase the above mentioned property for \$1.2 million with the proceeds of a loan fraudulently brokered by the same indicted co-conspirators. A short time before the purchase, Puro met with the seller who agreed to sell the property for approximately \$860,000. Puro and others caused fraudulent second mortgage documents, listing TRAE as the lien holder, to be submitted to the lender in the amount of \$297,500. Based on these fraudulent documents, the lender issued a loan in the amount of \$1.2 million. At the time of closing, the title company transferred by wire, funds in the amount of \$297,500 to a business bank account for TRAE, which was solely controlled by Puro. On September 12, 2006, Puro issued a \$120,000 check from the TRAE bank account to one of the above mentioned co-conspirators. On September 14, 2006, Puro, caused \$145,877.57 to be transferred by wire to a business account under the control of the same indicted co-conspirator. Puro used the remaining funds, approximately \$31,622, for personal expenditures. In addition to the \$31,622, Puro received a \$13,403.57 real estate commission. The Fox Hollow property went into foreclosure resulting in losses to the lenders of approximately \$571,759.67.

U.S. v. Barbara Lynnae PuroCriminal No. ~~10-289~~ (JNE)Sale of 7950 Hamilton Road, Savage, Minnesota

e. On or about November 17, 2006, Puro and indicted co-conspirators caused a straw purchaser to purchase the above mentioned property for \$498,000. A short time prior to the sale, Puro met with the seller. The seller agreed to sell the property for approximately \$300,000. Puro and others caused fraudulent first mortgage documents to be submitted to the lender in the amount of \$163,542.44. Based on the fraudulent documents, the lender issued a loan in the amount of \$498,000. On November 20, 2006, the title company transferred by wire, funds in the amount of \$163,542.44 in the name of Puro's son, to a bank account under the control of Puro and her son. Once the funds were posted in the account, Puro accessed the bank account on-line and transferred the entire amount of \$163,542.44 to an account in the control of Puro and her former husband. On November 21, 2006, Puro caused the bank to send by wire, a transfer in the amount of \$103,000 to a business account under the control of an indicted co-conspirator who has pled guilty. A second wire transfer in the amount of \$60,000 was transferred to the personal account of the same indicted co-conspirator. Real estate commissions in the amount of \$44,200 were paid out of the loan proceeds, of which Puro received a substantial portion. The property went into foreclosure resulting in losses to the lenders of approximately \$235,603.

U.S. v. Barbara Lynnae PuroCriminal No. 10-289 (JNE)**COUNTS 2-13**

(18 U.S.C. § 1343: Mortgage Fraud through Use of the Interstate Wire)

11. The grand jury re-alleges and incorporates by reference the allegations contained in paragraphs 1 through 10 as though fully stated herein for the purpose of alleging the substantive wire fraud offenses alleged in Counts 2 through 13 below.

12. On or about the dates set forth below, in the State and District of Minnesota, the defendant,

**BARBARA LYNNAE PURO,**

along with others known and unknown to the Grand Jury, each aiding and abetting the others, for the purpose of executing the above-described scheme and artifice, did knowingly cause to be transmitted, in interstate commerce, by means of wire communication, certain signals and sounds, as further described below:

Count	On or About Date	Wire Communication
2	September 12, 2006	Wire transfer of \$962,493.07 from National Citibank in Indiana to M&I Bank in Wisconsin and then to M&I Bank in Minnesota
3	September 12, 2006	Wire transfer of \$238,432.67 from National Citibank in Indiana to M&I Bank in Wisconsin and then to M&I Bank in Minnesota

U.S. v. Barbara Lynnae PuroCriminal No. 10-289 (JNE)

4	September 12, 2006	Wire transfer of \$297,500 from M&I Bank in Wisconsin to Wells Fargo Bank in California with further credit to Wells Fargo Bank in Minnesota
5	September 14, 2006	Wire transfer of \$145,877.57 from Wells Fargo Bank in California to Anchor Bank in Minnesota
6	October 26, 2006	Wire transfer of \$705,583.53 from Capital Source Bank in California to Anchor Bank in Minnesota
7	October 26, 2006	Wire transfer of \$173,314.26 from Capital Source Bank in California to Anchor Bank in Minnesota
8	November 17, 2006	Wire transfer of \$396,252.14 from DB Trust Company Americas in New York to Anchor Bank in Minnesota.
9	November 17, 2006	Wire transfer of \$74,910.12 from DB Trust Company Americas in New York to Anchor Bank in Minnesota.
10	November 20, 2006	Wire transfer of \$163,542.44 from Anchor Bank in Minnesota to Wells Fargo Bank in California.
11	November 21, 2006	Wire transfer of \$103,000 from Wells Fargo Bank in California to Mainstreet Bank in Minnesota.
12	November 21, 2006	Wire transfer of \$60,000 from Wells Fargo Bank in California to Bank Cherokee in Minnesota.
13	December 14, 2007	Wire transfer of \$407,561.35 from CitiBank in New York to Venture Bank in Minnesota.

U.S. v. Barbara Lynnae PuroCriminal No. ~~10-289~~(JNE)

all in violation of Title 18, United States Code, Sections 1343 and 2.

**FORFEITURE ALLEGATIONS**

Counts 1-13 of this Indictment are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

As the result of the offenses alleged in Counts 1-13 of this Indictment, the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Sections 2, 371 and 1343.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 2, 371, 981(a)(1)(C), and 1343, and Title 28, United States Code, Section 2461(c).

A TRUE BILL

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UNITED STATES ATTORNEY

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FOREPERSON